

VZCZCXYZ0039
PP RUEHWEB

DE RUEHRA #0200/01 0741517
ZNY CCCCC ZZH
P 151517Z MAR 07
FM AMEMBASSY RIGA
TO RUEHC/SECSTATE WASHDC PRIORITY 3868
INFO RUEHTL/AMEMBASSY TALLINN PRIORITY 4039
RUEHVL/AMEMBASSY VILNIUS PRIORITY 3831
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY

C O N F I D E N T I A L RIGA 000200

SIPDIS

SIPDIS

EB/ESC/TFS KATHERINE LEAHY
EB/ESC/TFS LEANNE CANNON
S/CT PATTY HILL
S/CT FINANCE GALER AND NOVIS

E.O. 12958: DECL: 03/14/2017
TAGS: [PGOV](#) [KCRM](#) [SNAR](#) [LG](#)
SUBJECT: SHOW ME THE MONEY - LATVIA TACKLES CASH COURIERS

REF: SECSTATE 16120

Classified By: Pol/Econ Chief Tamir Waser for reasons 1.4 b. and d.

¶1. (U) Summary: Per reftel, PolOff delivered background notes on Cash Couriers to Viesturs Burkans, head of Latvia's Financial Intelligence Unit (FIU) and Agnese Vilde of the Ministry of Foreign Affairs Legal Department. In response, Vilde and Burkans outlined the key provision of Latvia's new legislation entitled "Law on Declaration of Cash at the State Border" which institutes a cross border currency declaration requirement and came into effect July 1, 2006, provisions are detailed below. The law defines the obligation to declare cash, authority by competent Latvian institutions, as well as utilization of the obtained information. Burkans reports that Latvia is in compliance with all FATF standards. Training has been given to all customs and border guards. This new cash declaration law appears to have improved interagency cooperation on this issue. End Summary.

¶2. (U) Prior to July 2006, individuals were able to cross the border with any amount of cash with no obligation to declare. The intent of most known cases of cash couriers into Latvia was to smuggle cash into the EU, to buy property, or to move money into the Latvian financial institutions with little notice. Shortly after Latvian independence, it was common for individuals to carry cash out of Latvia to Russia, Belarus, or Ukraine so as to avoid taxes. This particular method became less common after 2000 once Latvia began putting more controls in place in the financial sector.

¶3. (C) In November 2005, the Latvian Parliament passed legislation entitled "Law on Declaration of Cash at the State Border" which institutes a cross border currency declaration requirement effective July 1, 2006. The law obligates the declaration of cash, designates the State Revenue Service (Customs) as the lead institution on this matter, and lays out how the information obtained surrounding a cash courier case would be used by other institutions. The law was developed in response to the implementation of the European Union (EU) Regulation on declaration of cash at the border of the EU. The Latvian Cash Declaration law meets the requirements of FATF Special Recommendation IX "Cash Couriers" and the UN Convention on Transnational Organized Crime. Burkans himself will be meeting with the various heads of departments to raise awareness of the importance of this issue.

¶4. (U) The Cash Declaration law requires that, upon entering Latvia, cash equal to or more than ten thousand Euros must be

declared. Individuals completing the cash declaration form must also specify the owner of the cash, the intended recipient of the cash, and amount and nature of the cash, the intended use of the cash, the transport route, and the means of transport.

15. (C) The State Revenue Service (Customs Service) is the lead agency on all cash declaration matters. At certain border crossing points where there are no customs officers, however, the State Border Guard has the authority to act on behalf of the Customs Service. Customs officials have the authority to detain individuals and their luggage either because of direct intelligence or randomly. Additionally, Customs officials may confiscate undeclared or improperly declared cash. All declarations submitted at the borders are turned over to the State Revenue Service office on a regular basis. That information is then compiled and given to the FIU. Finally, the FIU has the right to send the information to the competent authorities of other states or the European Commission should it be necessary or requested.

16. (U) Should an individual not declare or improperly declare their cash when crossing the state border of Latvia - either entering into the EU or exiting the EU - he/she is fined for the offense. (NOTE: there is no requirement to declare when crossing the border between two EU countries) If the same individual fails to declare or properly declare cash repeatedly within a year, this individual can be jailed for up to two years or receive a hefty fine. If an individual does not declare or falsely declares cash that has been obtained in a criminal manner or if the individual is acting on behalf of an organized criminal group, the sentence is up to five years in prison or a hefty fine.

17. (U) All Customs officials and border guards receive training at the Institute of International Economical Affairs as well as the Customs of Riga Technical University. The training includes all new developments including border crossing requirements, money laundering, money falsification, etc. Additionally, each port of entry has large instructional signs in Latvian, English and Russian.

18. (C) Prior to the requirement to declare cash, there was no mechanism in place for Customs to assist other law enforcement institutions in combating financial crime and money laundering. Since July 2006, Embassy contacts in the Latvian Customs and Border Control report an improved capability to address these issues and an increase in cooperation. Customs is satisfied with the new method and describes it as a clear way to communicate and pass information to the FIU. Burkans reports that the FIU is indeed receiving all the declaration reports from the State Revenue Service.

19. (C) Burkans reports that there have been no known cash courier cases associated with terrorism and does not feel that this is a major concern. In the recent IMF audit report on Latvia, the IMF also noted that there was no indication that terrorists have used Latvia as a means to move money or finance terror.

ANTWEILER